

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

November 18, 2014

**FROM: GERRY NEWCOMBE, Director
Department of Public Works – Solid Waste Management**

**SUBJECT: PUBLIC HEARING – PROPOSITION 218 AND AMENDMENT NO. 4 TO
AGREEMENTS FOR THE COLLECTION AND TRANSPORTATION OF SOLID
WASTE AND OTHER SERVICES**

RECOMMENDATION(S)

Conduct a public hearing pursuant to Proposition 218 and approve the following twenty-one amended Solid Waste Handling Franchise Agreements for various County Franchise Areas (CFA) within the unincorporated portion of the County:

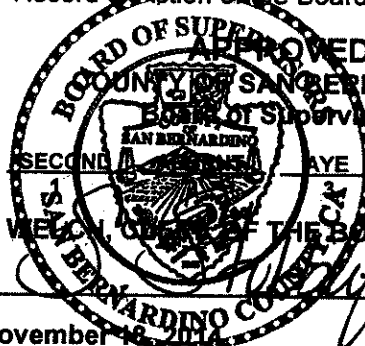
1. Burrtec Waste Industries for CFA 1 – San Antonio Heights, Mt. Baldy, portions of Lytle Creek. **(Agreement No. 09-600A-4)**
2. Burrtec Waste Industries for CFA 2 – sphere of the cities of Montclair and Upland. **(Agreement No. 09-601A-4)**
3. USA Waste of California for CFA 3 – sphere of the City of Chino. **(Agreement No. 09-602A-4)**
4. Burrtec Waste Industries for CFA 5 – sphere of the City of Fontana. **(Agreement No. 09-603A-4)**
5. Burrtec Waste Industries for CFA 6 – community of Bloomington. **(Agreement No. 09-604A-4)**
6. Cal Disposal Company for CFA 8 – Muscoy, South Cajon Pass, sphere of the City of San Bernardino. **(Agreement No. 09-605A-4)**
7. Burrtec Waste Industries for CFA 9 – El Rancho Verde community (Rialto). **(Agreement No. 09-606A-4)**
8. Jack's Disposal Company for CFA 10 – Devore and the sphere of the City of San Bernardino. **(Agreement No. 09-607A-4)**
9. Burrtec Waste Industries for CFA 11 – sphere of the City of Loma Linda. **(Agreement No. 09-608A-4)**
10. Empire Disposal for CFA 12 – Mentone, Oak Glen, sphere of the City of Redlands, Mountain Home and Angeles Oaks. **(Agreement No. 09-609A-4)**
11. CR&R Waste Services for CFA 15 – Wrightwood community. **(Agreement No. 09-610A-4)**
12. Mountain Disposal Company for CFA 16 – Crestline, Running Springs, Lake Arrowhead, Green Valley Lake, and Blue Jay. **(Agreement No. 09-611A-4)**
13. Big Bear Disposal for CFA 17 – Fawnskin, Baldwin Lake and Lake Williams. **(Agreement No. 09-612A-4)**

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cc: SWM-Rivera w/Agree(s) ;Newcombe
Contractor(s) c/o SWM w/Agree
ATC-Acct. Pay. Mgr. w/Agree(s)
EBIX-BPO c/o Risk Mgmt.
CAO-Garth
File -w/Agree(s)
ss 11/24/14

ITEM 71

Record of Action of the Board of Supervisors



MOTION	SECOND	AYE	AYE	MOVE
	1		4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY _____

DATED: November 18, 2014

**PUBLIC HEARING – PROPOSITION 218 AND AMENDMENT NO. 4 TO
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14. Advance Disposal Company for CFA 18 – Spring Valley Lake, County unincorporated area adjacent to Hesperia and Apple Valley. **(Agreement No. 09-613A-4)**
15. Burrtec Waste Industries for CFA 19 – sphere of the City of Victorville, Town of Apple Valley and the City of Adelanto, Landers and Lucerne Valley. **(Agreement No. 09-614A-4)**
16. CR&R for CFA 20 – Portions of Phelan, and Pinon Hills, and the sphere of the City of Adelanto. **(Agreement No. 09-615A-4)**
17. Benz Sanitation for CFA 21 – Trona, Windy Acres, Four Corners, and Red Mountain. **(Agreement No. 09-616A-4)**
18. Burrtec Waste Industries for CFA 22 – unincorporated area northwest of the City of Adelanto. **(Agreement No. 09-617A-4)**
19. Burrtec Waste Industries for CFA 23 – sphere of the City of Barstow and Lenwood-Hinkley. **(Agreement No. 09-618A-4)**
20. Burrtec Waste Industries for CFA 24 – Yermo, Daggett and Newberry Springs. **(Agreement No. 09-619A-4)**
21. Burrtec Waste & Recycling for CFA 25 – Joshua Tree, sphere of the Town of Yucca Valley, and Morongo Valley. **(Agreement No. 09-620A-4)**

Hearing Opened

Public Comment: Jane Hunt-Ruble and Barbara Sokoloff

Hearing Closed

(Presenter: Gerry Newcombe, Director, 387-7906)

BOARD OF SUPERVISORS COUNTY GOALS AND OBJECTIVES
Operate in a Fiscally-Responsible and Business-Like Manner.
Maintain Public Safety.

FINANCIAL IMPACT

Approval of this item will not result in the use of any Discretionary General Funding (Net County Cost) as the Solid Waste Management Division (SWMD) is not financed by the General Fund. Instead, SWMD establishes fees that are charged to the public and other agencies for utilization of the County Waste Disposal System.

BACKGROUND INFORMATION

This amendment adopts a new Cost of Living Adjustment (COLA) methodology that uses cost indices and weightings that are specific to each of the cost components that make up the total rate, which will more accurately represent the change in the cost of providing service. This approach allows annual rate adjustments to be region and hauler specific rather than the existing one-size-fits-all approach. It also clarifies the Extraordinary Adjustment provision to require Board-approval of any such adjustment, and allows a Notice of Non-renewal to be issued annually should either party choose to do so. Finally, it updates certain definitions and makes some minor administrative changes.



**PUBLIC HEARING – PROPOSITION 218 AND AMENDMENT NO. 4 TO
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Approval of this item will allow the hauler franchise program to operate in a fiscally-responsible and business-like manner by setting rates which accurately reflect the true cost of providing that service to County residents in today's dynamic waste collection and recycling marketplace and rapidly changing regulatory environment. The franchise agreements help maintain public health and safety by providing for timely and adequate solid waste handling services at a reasonable cost.

This proposed amendment allows for the implementation of a new COLA methodology that will be applied annually to the rates charged to unincorporated area customers. The current Solid Waste Handling Franchise Agreements (Agreements) were substantively revised and approved by the Board on June 16, 2009 (Item No. 92). The methodology used for the calculation of the annual COLA that was negotiated between the County and the franchise haulers in 2009 has, over time, resulted in some rate adjustments that may not accurately account for the costs of providing services during a period of significant fluctuation in costs of hauling services, including fuel costs, as well as markets for recyclables. In addition, the current COLA methodology has led to rates for services in the unincorporated County areas that are inconsistent with rates of neighboring jurisdictions for the same type of service.

Pursuant to Proposition 218 requirements, parcel owners and tenants were mailed a notice of the County's intent to amend the existing franchise agreements to include replacing the existing COLA calculation methodology with new methodology which would be used to calculate the annual COLA as of July 1, 2015. The Proposition 218 notices were mailed on or before September 29, 2014. Each owner/tenant has at least 45 days to submit a written protest to the proposed change in the fees.

The Franchise Agreements were originally approved by the Board of Supervisors on May 19, 1998 (Item No. 57) in order to provide the unincorporated area communities affordable and adequate solid waste handling services in a manner that protects the health and safety of the community and establishes waste reduction and recycling programs in compliance with the Integrated Waste Management Act of 1989 (AB939).

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Penny Alexander-Kelley, Principal Assistant County Counsel, 387-5455) on October 23, 2014; Finance (Deborah Garth, Administrative Analyst, 387-5426) on October 27, 2014; and County Finance and Administration (Mary Jane Olhasso, Assistant Executive Officer, 387-4599) on November 3, 2014.





County of San Bernardino

F A S

CONTRACT TRANSMITTAL

Amendment No 4

FOR COUNTY USE ONLY

<input type="checkbox"/> New	FAS Vendor Code		SC	SWMA	Contract Number 06-612A-4	
<input checked="" type="checkbox"/> Change					ePro Vendor Number	
<input type="checkbox"/> Cancel					ePro Contract Number	
County Department DPW/Solid Waste Management			Dept. SWM	Orgn. SWM	Contractor's License No.	
County Department Contract Representative Arthur L. Rivera, Deputy Director			Telephone (909)386-8703		Total Contract Amount	
Contract Type <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date 7/2/09	Contract End Date 6/30/2022	Original Amount	Amendment Amount	
Fund EAA	Dept. SWM	Organization WDP	Appr.	Obj/Rev Source 8350	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Project Name Solid Waste Handling Franchise Agreement Amendment No 4 CEA 17			Estimated Payment Total by Fiscal Year			
			FY	Amount	I/D	FY

CONTRACTOR Big Bear Disposal, Inc.

Federal ID No. or Social Security No. 33-0675243

Contractor's Representative Gino Scopesi

Address PO Box 2837, Big Bear Lake, Ca. 92315

Phone (909) 866 - 3942

Nature of Contract: *Attached is Amendment No. 4 Dated November 18, 2014 to AGREEMENT BETWEEN THE COUNTY OF SAN BERNARDINO AND BIG BEAR DISPOSAL FOR THE COLLECTION OF SOLID WASTE AND OTHER SERVICES dated June 16th 2009.*

THIS IS NOT A CONTRACT
THIS IS A COVER
TRANSMITTAL ONLY

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)

[Signature]
Penny Alexander-Kelley, County Counsel

Date 11-5-14

Reviewed as to Contract Compliance

[Signature]
David Doubilet, Chief Engineer

Date 11/4/14

Presented to BOS for Signature

[Signature]
Gerry Newcombe, Department Head

Date 11/5/14

Auditor-Controller/Treasurer/Tax Collector Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

*Amendment No. 4
to AGREEMENT BETWEEN
THE COUNTY OF SAN BERNARDINO AND
BIG BEAR DISPOSAL, INC.*

FOR THE COLLECTION OF SOLID WASTE AND OTHER SERVICES dated June 16, 2009

WHEREAS, on June 16, 2009 (Item No. 92), the Board of Supervisors approved County Contract No. 09-612 BIG BEAR DISPOSAL, INC. ("Grantee") to provide for the collection of solid waste and other services (the "Contract");

WHEREAS, on November 6, 2012 (Item No. 96), the Board approved Amendment No. 1 to the Franchise Agreement which amended Section 13.2 to clarify the methodology for the calculation of rates/Cost of Living Adjustment (COLA), allowed adjustments to be made in accordance with Section 13.2 when calculated in error, and updated the Exhibit "E" which sets the current rates for the franchise area;

WHEREAS, on June 18, 2013 (Item No. 70) the Board approved Amendment No. 2 to the Franchise Agreement which amended Section 4. Term.

WHEREAS, on November 19, 2013 (Item No. 35) the Board approved Amendment No. 3 to the Franchise Agreement which amended Section 4. Term.

WHEREAS, the County and the Grantee desire to amend specific sections of the Franchise Agreement as set forth below which they have each determined to be in the better interests of the parties and the better interests of the residents of the unincorporated areas of the County of San Bernardino.

NOW THEREFORE, the Contract is amended as follows:

1. Section 4 is deleted in its entirety and replaced with the following:

SECTION 4. TERM

(a) The initial term of this Agreement shall commence on the later of (i) July 1, 2009 or (ii) the date on which amendments made to the County Code for consistency purposes become effective, and expiring on June 30, 2017. Thereafter, beginning on July 1, 2010, and on each July 1 anniversary date thereafter, the term of this Agreement will be extended automatically for one (1) additional year, so as to have a rolling term of eight (8) years. Should either party desire that said automatic renewal and extension provision be terminated, such party shall give the other written notice of nonrenewal no later than sixty (60) days prior to the automatic renewal date. Any such notice, properly given, shall serve to terminate the automatic one year renewal and extension provision only, and this Agreement shall remain in effect for the balance of the term then outstanding. In the event that either party exercises its right to terminate the automatic renewal and extension provision under this paragraph, the parties may subsequently reinstate the automatic renewal and extension provision by mutual written agreement.

(b) Whether or not specifically mentioned or incorporated in this Agreement, exercise of the Franchise granted herein, and every provision of this Agreement, are subject to the terms, conditions and provisions of Division 6 of Title 4 of the County Code, as currently existing. With respect to each extended term of this Agreement, exercise of the Franchise granted herein, and every provision of the Agreement, are subject to the terms, conditions and provisions of Division 6 of Title 4 of the County Code, as currently existing or as hereinafter amended, so long as the amendment to the Division has been adopted by the Board prior to the date by which the Board is required to determine that this Franchise Agreement shall not be extended (as provided in Section 4), whether or not such amendment is effective prior to such date.

2. Section 9.4(a) is amended by deleting the name "California Integrated Waste Management Board" and replacing it with the following: "Department of Resources Recycling and Recovery (CalRecycle) or its successor entity".
3. Section 10.1(a) is amended by deleting the name "California Integrated Waste Management Board" and replacing it with the following: "Department of Resources Recycling and Recovery (CalRecycle) or its successor entity".
4. Section 10.1(a)(6) is deleted in its entirety and replaced with the following:

If the Grantee willfully fails to make any payments required under the provisions of either Division 6 of Title 4 of the Code or this Franchise Agreement and/or refuses to provide or does not provide to the County within thirty (30) days the requested information, manifests, reports, and/or test results in a timely manner as provided in Division 6 of Title 4 of the Code or of this Franchise Agreement.

5. Section 10.1 (d) (2) (B) is amended by deleting the name "California Integrated Waste Management Board" and replacing it with the following: "Department of Resources Recycling and Recovery (CalRecycle) or its successor entity".
6. Section 10.2 (a) (8) is deleted in its entirety and replaced with the following;

Failure to submit Reports to Division: failure to submit complete records to the Division within thirty (30) days of the due date in accordance with Section 6(d) and Section 12 of the Agreement: \$1000.

7. Section 12.1 (b) is deleted in its entirety and replaced with the following:

All information required to be kept, maintained or furnished to the County shall be maintained a minimum of seven (7) years after the entry of the most recent item therein;

8. Section 13.1 (a), including Exhibit E, is deleted in its entirety and replaced with the following:

Section 13.1 Compensation

- (a) In accordance with applicable law, Grantee shall provide the Solid Waste Handling services described in this Agreement and its exhibits in accordance with the rates set forth in "Exhibit E 2014." Recyclable Materials collection from commercial and industrial units are included in the rates approved for services rendered pursuant to this Agreement to the extent provided in local state and federal law. "Exhibit E 2014" specifies the maximum rate to be charged for collection of such materials. By March 1 of each year as part of the Annual Report, the Grantee shall warrant to the County, in a writing signed by an officer, that during the prior calendar year it billed all of the Solid Waste Handling service Subscribers provided service under this Franchise Agreement at the rates set forth in the Total Rate approved with and applicable to this Franchise Agreement, as such Total Rate may have been adjusted pursuant to the provisions of this Section 13 and in accordance with applicable law. Copies of Subscriber billings which demonstrate the above shall be made available to the Division on its request.

9. Section 13.2 is deleted in its entirety and replaced with the following:

Section 13.2 Adjustment to Total Rate - Residential, Commercial and Roll-off Service

The following annual and special rate adjustments shall be made to the appropriate cost components of the Total Rate as provided for in this Franchise Agreement. However, no

rate adjustment shall be implemented for or during any period of time when Grantee is not in substantial compliance with all material provisions of this Agreement.

(a) Cost of Living Adjustment.

1. General

Beginning July 1, 2015, Grantee may request an adjustment to all rate categories included in the approved rate schedule according to the method described below and the formulas shown in – “Exhibits G-1 through G-5 - Example Rate Adjustment Formula,” subject to review and approval of County. All future adjustments are to be effective July 1 of the same year.

2. Cost Components for Rate Adjustment Indices

The approved rates consist of the following cost component categories: Landfill Disposal, Fuel, Service, and Other Operations. Initial component weightings to be used for the first rate adjustment are shown in the table attached as “Exhibits H-1 and H-2 - Rate Adjustment Indices and Initial Cost Component Weightings” Each cost component may be adjusted by the change in the corresponding index shown in the exhibit. See subsection (3) below for detailed rate adjustment procedures.

3. Residential and Commercial Rate Adjustment Steps

All residential and commercial rates will be adjusted using the cost component weightings identified in the table attached as “Exhibit H-1 - Rate Adjustment Indices and Initial Cost Component Weightings” and as described below. See “Exhibits G-1, G-2 and G-3 - Example Rate Adjustment Formula” for an example of rate adjustment calculations. Using Exhibit G-1 as an example, the adjustment is calculated as follows:

Step One – Calculate the percentage increase or decrease in each index listed in the table attached as Exhibit H-1 – Rate Adjustment Indices and Initial Cost Component Weightings.” The increase or decrease in landfill disposal will be the change in the identified gate rate between the July 1 effective date for the rate adjustment and the preceding July 1, except in those instances when the County does not fix a new gate rate as of July 1 of any year, the actual effective date of the gate rate change will control. The increase or decrease in the published indices for Fuel, Service and Other Operations will be the change in the average annual published index between the calendar year ended the December prior to the July 1 effective date for the rate adjustment and the prior calendar year. See “Exhibit G-5 – Example Rate Adjustment Formula” for an example calculation of the average annual change in an index.

Step Two – Multiply the percentage changes for each rate adjustment component by that component’s weighting and add these resulting percentages together to get the total weighted change to the rates.

The July 1, 2015 rate adjustment cost components as a percentage of total costs are provided in the table attached as “Exhibit H-1 Rate Adjustment Indices and Initial Cost Component Weightings”, with component weightings for use in subsequent years calculated in Step Four of the rate adjustment. For Step Two of each subsequent rate adjustment, use the “Cost Components Reweighted to

Equal 100%" in Column "O" of "Exhibit G-1 – Example Rate Adjustment Formula" in Step Four during the previous rate adjustment.

Step Three – Multiply the total weighted percent change from Step Two by the existing customer rates to calculate the increase or decrease to the maximum rates. Add the rate increase or decrease to the existing rates to derive the newly adjusted rates.

Step Four – Recalculate weightings for the following year based upon these changes. The "Cost Components Reweighted to Equal 100%" in Column "O" of "Exhibit G-1– Example Rate Adjustment Formula" shall be used to calculate the franchise fees due for the upcoming year beginning the July 1 that rates become effective, as shown in "Exhibit I - Example Franchise Fee Calculation."

4. Roll-Off Box Rate Adjustment Steps

All roll-off box rates will be adjusted using the cost component weightings identified above as described below. See "Exhibit G-4 Example Rate Adjustment Formula" for an example rate adjustment for roll-off box rates.

Step One – Calculate the percentage increase or decrease in the Fuel and Service indices listed in the table attached as "Exhibit H-2 - Rate Adjustment Indices and Initial Cost Component Weightings." The increase or decrease in the indices for Fuel and Service will be the change in the average annual published index between the calendar year ended the December prior to the July 1 effective date for the rate adjustment and the prior calendar year.

The Landfill Disposal Facility Fee component is based on a per ton rate. That rate shall remain equal to the San Bernardino County Solid Waste System per ton rate for roll-off loads as of the effective date of the new rate schedule.

Step Two – Multiply the percentage changes for each rate adjustment component by that component's weighting and add these resulting percentages together to get the total weighted change to the rates.

Cost components as a percentage of total costs are provided in "Exhibit H-2 Rate Adjustment Indices and Initial Cost Component Weightings" for the rate adjustment effective July 1, 2015, with subsequent components calculated in Step Four of the rate adjustment. For Step Two of each subsequent rate adjustment, use the "Cost Components Reweighted to Equal 100%" in Column "O" of "Exhibit G-4 – Example Rate Adjustment Formula" in Step Four during the previous rate adjustment.

Step Three – Multiply the total weighted percent change from Step Two by the existing customer rates to calculate the increase or decrease to the maximum rates. Add the rate increase or decrease to the existing rates to derive the newly adjusted rates.

Step Four – Recalculate weightings for the following year based upon these changes. The "Cost Components Reweighted to Equal 100%" in Column "O" of "Exhibit G-4 – Example Rate Adjustment Formula" shall be used to calculate the franchise fees due for the upcoming year beginning the July 1 that rates become effective, as shown in "Exhibit I - Example Franchise Fee Calculation."

5. Changes in Rate Adjustment Indices

If the same rate adjustment index is used from year to year, the "Old Index Value" (Column A in each example in "Exhibits G-1 through G-4 - Example Rate Adjustment Formula") shall be the "New Index Value" (Column B in "Exhibits G-1 through G-4 - Example Rate Adjustment Formula") used in the prior rate adjustment. If the rate adjustment index changes, due to a change in type of fuel, a discontinued index or otherwise, the change will be measured as the average annual change year over year for the new index, and data for the old/discontinued index will not be used. If a rate adjustment index is discontinued, an alternative index must be approved by the Deputy Director of Solid Waste Management or designee.

6. Revision of Cost of Living Adjustment Methodology

The Parties acknowledge that external factors that are used in the Cost Components Reweighted analysis, such as fuels, costs of equipment, etc., may change over time and the factors may need adjustment. Either Party may initiate discussions to review these factors and whether an adjustment to the rate component weightings is necessary in order to provide economic service to County ratepayers.

(b) Reserved. [Former subsection 13.2(b) deleted as of the effective date of Amendment No. 3.]

(c) Extraordinary Adjustment

The parties acknowledge that there may be infrequent extraordinary events which, although they do not prevent either party from performing, and thus do not implicate the Force Majeure provisions hereof, nevertheless increase the cost of providing service such that Grantee's compensation and the rate adjustment mechanism provided in this Agreement result in Grantee's suffering losses which are substantially outside the commercially reasonable expectations of the parties. The obligation of the parties in such event is to act reasonably toward each other in arriving at an appropriate adjustment in rates. Accordingly, at its option, Grantee may apply to the County at any time, but not more frequently than once annually, for an extraordinary rate adjustment should an event or circumstance arise that is not the result of a Change in Law or Change in Service Level which negatively impacts the economic operation of Grantee and which is in excess of the rate adjustment resulting from the application of the annual adjustment formula set for in subparagraph (a) above. An interim adjustment in rates will be deemed justified if it is necessary for the Grantee to make a substantial change in its operations, or substantial capital expenditure or investment in order to perform its obligations under this Agreement due to the occurrence of an event or circumstance other than a Change in Law or Change in Service Level which is beyond the reasonable control of Grantee. In the event of such an application for an extraordinary rate increase, it is understood that the Grantee shall have the burden of demonstrating to the reasonable satisfaction of County the basis for the extraordinary increased cost. In no event shall any Extraordinary Adjustment be effective prior to the Board's approval of an amendment to the Franchise Agreement.

(d) Landfill Disposal Facility Fee Adjustment

The Landfill Disposal Facility Fee Adjustment shall be the pass-through of one hundred percent (100%) of any increase or decrease in the fee charged to the Grantee for the use of a Landfill Disposal Facility approved for use by the Division, using the rate

adjustment formula described in "(a)" above, and shall be effective as of the date of the change of such fee.

(e) Franchise Fee Adjustment

The Franchise Fee adjustment shall be the pass through of one hundred percent (100%) of any increase or decrease in the Franchise Fee percentage, and shall be effective as of the date the Franchise Fee increase or decrease is payable by the Grantee.

(f) Change in Service Level Adjustments

(1) The Total Rate shall be increased (or decreased) by one hundred percent (100%) of the increase (or decrease) or incremental increase (or incremental decrease), as the case may be, in the demonstrable costs (i.e., on any direct or indirect cost, whether fixed or variable) associated with the change in the level of the Solid Waste Handling services which may be required of, or agreed to by, Grantee. A Change in Service Level Adjustment shall be effective on and after the actual date of the requirement to or agreement to change operations which results from the change in service, but, absent the consent of the Director, or designee, not sooner than the effective date of the change in service. In no event shall any Change in Service Level Adjustment be effective prior to the Board's approval of an amendment to the Franchise Agreement.

(2) In the event that the Director, or designee, and the Grantee claiming to be affected by the change in service level cannot agree on either the existence, or the effect on demonstrable costs, of a change in service level, the dispute resolution provisions of Section 13.3(a) shall apply.

(g) Change in Law Adjustments

(1) The Total Rate shall be increased (or decreased) by one hundred percent (100%) of the increase (or decrease) or incremental increase (or incremental decrease), as the case may be, in the demonstrable costs (i.e., on any direct or indirect cost, whether fixed or variable) associated with the change in the manner or nature of conducting Solid Waste Handling services necessitated by a Change in Law. A Change in Law Adjustment shall be effective on and after the actual date of the change in operations which resulted from the Change in Law, but, absent the consent of the Director, or designee, not sooner than the effective date of the Change in Law. In no event shall any Change in Law Adjustment be effective prior to the Board's approval of an amendment to the Franchise Agreement.

(2) In the event that the Director, or designee, and the Grantee claiming to be affected by the Change in Law cannot agree on either the existence, or the effect on demonstrable costs, of a Change in Law, the dispute resolution provisions of Section 13.3(a) shall apply.

(h) If at any time during the term of this Agreement, the Grantor or the Grantee realize that an adjustment made in accordance with this Section 13.2 has been calculated in error, then the appropriate correction will be calculated by the County and an applicable corrective change, either positive or negative, will be made to the Total Rate on the next ensuing July 1st.

Exhibit D - DEFINITIONS

Definitions is hereby amended by replacing the definition of "CONSUMER PRICE INDEX" as it is currently defined to Consumer Price Index – All Urban Consumers, Los Angeles-Riverside-Orange County, CA All items less food and energy, CUURA421SA0LE.

Definitions is hereby amended by replacing the definition of "GROSS RECEIPTS LESS DISPOSAL CHARGES" with "Gross Receipts Less Disposal Charges" means Gross Receipts less that part of the monies received by the Grantee that are collected from Subscribers for payment of the fee imposed for disposing of the Solid Waste at a Landfill Disposal Facility and the fee imposed for Other Operations.

Definitions is hereby added for "OTHER OPERATIONS" as defined as all operational cost categories that are not included in fuel , service and landfill disposal; OTHER OPERATIONS may include, but are not limited to, non-county facilities for transfer, processing, composting and transformation .

Definitions is hereby amended by deleting the definitions of "PRODUCER PRICE INDEX CNG" and "PRODUCER PRICE INDEX DIESEL" in their entireties and replacing with California No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon), U.S. Energy Information Administration OR Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of Quarterly Report) whichever is more applicable.

Definitions is hereby amended by deleting the definition of "SOLID WASTE FACILITY" and replacing the term with "LANDFILL DISPOSAL FACILITY" defined as any COUNTY owned/operated facility that is designed to manage any type of SOLID WASTE and includes disposal, transfer, processing, composting and transformation.

Definitions is hereby amended by deleting the definition of "SOLID WASTE FACILITY FEE" and replacing the term with "LANDFILL DISPOSAL FACILITY FEE" defined as the fee charged for use of a LANDFILL DISPOSAL FACILITY.

[REMAINDER OF PAGE LEFT BLANK]

Except as amended herein, all other terms and conditions of the Contract shall remain in effect.

COUNTY OF SAN BERNARDINO

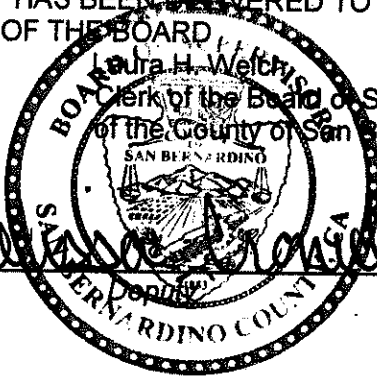
► Janice Rutherford
Janice Rutherford, Chair, Board of Supervisors

Dated: NOV 18 2014

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By: [Signature]



BIG BEAR DISPOSAL, INC.
(Print or type name of corporation, company, contractor, etc.)

By: [Signature]
(Authorized signature - sign in blue ink)

Name: GINO SCOPESI
(Print or type name of person signing contract)

Title: CHIEF OPERATING OFFICER
(Print or Type)

Dated: 10-31-2014

Address: PO BO 2837

BIG BEAR LAKE, CALIFORNIA 92315

2CD2980-04

James R. Roberts

EXHIBIT E 2014

Consisting of:

Exhibit E Rates

Exhibit E Attachment 1

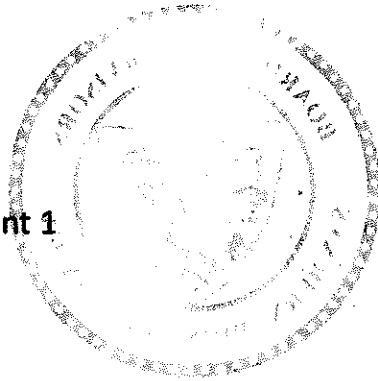


EXHIBIT E

RATES

COMMERCIAL AND INDUSTRIAL RECYCLING RATES

Grantee is permitted to charge for commercial and industrial bin and roll-off recycling services at maximum rates not to exceed the rate established for collection of Solid Waste, as set forth in the Schedule of Approved Rates. In addition, the Division reserves the right to revise the maximum rate for commercial recycling at any level deemed reasonably appropriate by the Division for purposes of complying with AB 939 diversion goals throughout the term of this Agreement.

PROCEDURES FOR BILLING AND COLLECTION

The procedures for billing and collection of rates for services provided under the terms of this Agreement are provided as Attachment 1 to this Exhibit.

HARD-TO-SERVICE RATES

Grantee may request the Director or designee to designate certain accounts or portions of its Franchise Area as Hard-to-Service. Upon approval of the Director or designee, whose approval shall not be unreasonably withheld, Grantee may charge the Hard-to-Service Rates in this Exhibit. Criteria to be used in designating Hard-to-Service areas shall be established by the Director or designee.

SCHEDULE OF APPROVED RATES:

- 1. RESIDENTIAL COLLECTION;**
- 2. COMMERCIAL COLLECTION;**
- 3. BIN SERVICE;**
- 4. ETC.**

Exhibit E - Rates

2014-2015
Franchise Area Rates

County Franchise Area 17
Effective Date 07/01/2014

RESIDENTIAL BARREL SERVICE

SERVICE CATEGORY	TOTAL RATE
Barrels 3 (32) gallons	\$ 20.95
Barrels 4 (32) gallons	\$ 28.08
Barrels 5 (32) gallons	\$ 35.20
Barrels 6 (32) gallons	\$ 42.26
Extra Cart Refuse 95 Gal	\$ 8.22
Extra Cart Recycling 65 Gal	\$ 3.18
Extra Cart Greenwaste 95 Gal	\$ 5.73
SPECIAL CHARGES	
Bulky Item Pick Up Up to 3 CY	\$ 80.64
Extra Pick Up (cans/bags per pick up)	\$ 1.59
Pine Needle Collection (per bag)	\$ 1.59

RESIDENTIAL BIN SERVICE

REFUSE	
2CY bin, 1/wk	\$ 77.32
2CY bin, 2/wk	\$ 154.66
3CY bin, 1/wk	\$ 114.16
3CY bin, 2/wk	\$ 228.36
4CY bin, 1/wk	\$ 149.62
4CY bin, 2/wk	\$ 299.24
RECYCLING	
2CY bin, 1/wk	\$ 58.34
3CY bin, 1/wk	\$ 87.57
4CY bin, 1/wk	\$ 114.98
SPECIAL CHARGES	
Exchange bins for cleaning	\$ 58.57
Locking Bin (One Time Charge)	\$ 56.37
Pull Out Service includes doors	\$ 4.41
Set Up Fee includes bin delivery	\$ 56.23

MULTI-FAMILY BIN SERVICE

REFUSE	
2CY bin, 1/wk	\$ 67.21
2CY bin, 2/wk	\$ 134.40
3CY bin, 1/wk	\$ 100.88
3CY bin, 2/wk	\$ 201.75
4CY bin, 1/wk	\$ 134.40
4CY bin, 2/wk	\$ 268.81
RECYCLING	
2CY bin, 1/wk	\$ 58.34
3CY bin, 1/wk	\$ 87.57
4CY bin, 1/wk	\$ 117.51
SPECIAL CHARGES	
Exchange bins for cleaning	\$ 58.57
Locking Bin (One Time Charge)	\$ 56.37

MULTI-FAMILY BIN SERVICE

SERVICE CATEGORY	TOTAL RATE
SPECIAL CHARGES	
Pull Out Service includes doors	\$ 4.41
Set Up Fee includes bin delivery	\$ 54.90

COMMERCIAL BARREL SERVICE

Barrels 3 (32) gallons	\$ 31.66
Barrels 4 (32) gallons	\$ 43.08
Barrels 5 (32) gallons	\$ 54.42
Barrels 6 (32) gallons	\$ 65.88
Greenwaste	\$ 7.70

COMMERCIAL BIN SERVICE

REFUSE	
2CY bin, 1/wk	\$ 90.57
2CY bin, 2/wk	\$ 181.13
2CY bin, 3/wk	\$ 271.71
2CY bin, 4/wk	\$ 362.28
2CY bin, 5/wk	\$ 452.85
2CY bin, 6/wk	\$ 543.43
3CY bin, 1/wk	\$ 135.95
3CY bin, 2/wk	
3CY bin, 3/wk	\$ 407.84
3CY bin, 4/wk	\$ 543.79
3CY bin, 5/wk	\$ 679.74
3CY bin, 6/wk	\$ 815.69
4CY bin, 1/wk	\$ 181.16
4CY bin, 2/wk	\$ 362.33
4CY bin, 3/wk	\$ 543.53
4CY bin, 4/wk	\$ 724.70
4CY bin, 5/wk	\$ 905.89
4CY bin, 6/wk	\$ 1,087.06

RECYCLING

2CY bin, 1/wk	\$ 58.33
2CY bin, 2/wk	\$ 116.68
3CY bin, 1/wk	\$ 87.55
3CY bin, 2/wk	\$ 175.11
4CY bin, 1/wk	\$ 116.64
4CY bin, 2/wk	\$ 233.28

SPECIAL CHARGES

Exchange bins for cleaning	\$ 58.57
Locking Bin (One Time Charge)	\$ 56.37
Pull Out Service includes doors	\$ 4.41
Set Up Fee includes bin delivery	\$ 54.90

ROLLOFF

REFUSE	
10 CY box (up to 8 tons)	\$ 778.12
30 CY box (up to 6 tons)	\$ 658.24
SPECIAL CHARGES	
Demurrage Fee	\$ 5.27

**EXHIBIT E
ATTACHMENT 1**

RESIDENTIAL AND COMMERCIAL BILLINGS

Grantee shall bill Single-Family Residential accounts on a quarterly basis in advance for regularly-scheduled collection services provided under this Agreement. Commercial accounts shall be billed on a monthly basis in advance for regularly-scheduled collection services provided under this Agreement. Grantee will bill for non-routine special services or charges upon the completion of service. Payments will be due within thirty (30) days from the date of billing.

INDUSTRIAL BILLINGS

Grantee shall bill Industrial accounts on a monthly basis in arrears for regularly-scheduled collection services provided under this Agreement. Grantee will bill for non-routine special services or charges upon the completion of service. Payment will be due within thirty (30) days from the date of billing.

DELINQUENCY AND SUSPENSION OF SERVICE

The following procedures apply in franchise areas that are not subject to Uniform Handling Service.

Grantee will provide an account with a notice of delinquency in the event of non-payment after forty-five days from the date of a billing for Single-Family Residential accounts, and after thirty (30) days from the date billing for all other accounts. If payment is not received within thirty (30) days from the date of the notice of delinquency, Grantee may suspend collection service at the delinquent account until payment in full has been received, including any accrued interest, payment of a reactivation fee in the amount set forth in Exhibit E, and reimbursement of any NSF bank charges or other costs of collection. Grantee may charge interest on any delinquent account at the maximum rate allowed by law for such time as the bill remains unpaid after its due date, and a late fee of \$50.00, which may be increased annually by the CPI, per delinquent billing per account. Grantee's billings shall contain statements advising accounts of Grantee's right to charge interest on delinquent bills. Grantee will provide the Director or designee a list of delinquent accounts upon request.

**EXHIBIT G-1 EXAMPLE RATE ADJUSTMENT FORMULA
APPLICABLE TO RESIDENTIAL BARREL RATES IN NON-LANDUSE FEE AREAS**

Step One: Calculate percentage change in indices

Row	Adjustment Factor	Index	A	B	C
			Old Index Value	New Index Value	Percent Change in Index ((Column B/ Column A) -1)
1	Landfill Disposal	(1)	\$ 45.95	\$ 47.94	4.3%
2	Fuel	(2)	4.235	4.127	-2.6%
3	Service	(3)	234.589	237.257	1.1%
4	Other Operations	(3)	234.589	237.257	1.1%

Step Two: Determine components

Row	Adjustment Factor	Index	D	E	F
			Cost Component Weightings as a % of Component Total (4)	Percent Change in Index (from Column C)	Total Weighted Change (Columns D x E)
5	Landfill Disposal	(1)	15.0%	4.3%	0.6%
6	Fuel	(2)	6.0%	-2.6%	-0.2%
7	Service	(3)	60.0%	1.1%	0.7%
8	Other Operations	(3)	19.0%	1.1%	0.2%
9	Total		100.0%		1.3%

Step Three: Apply percentage change to rates

Row	Rate Category (Examples)	G	H	I	J
		Current Customer Rate	Total Weighted Percentage Change (from Column F)	Rate Increase or Decrease (Column G x Column H)	Adjusted Rate (Column G + Column I)
10	Res. 95-gallon cart	\$ 27.00	1.3%	\$ 0.35	\$ 27.35
11	Res. 40-gallon Senior	\$ 25.00	1.3%	\$ 0.33	\$ 25.33
12	Extra 95-gallon Refuse	\$ 7.20	1.3%	\$ 0.09	\$ 7.29
13	Extra 65-gallon Recycling	\$ 1.50	1.3%	\$ 0.02	\$ 1.52
14	Extra pickup	\$ 22.00	1.3%	\$ 0.29	\$ 22.29

Step Four: Re-weight cost components

Row	Adjustment Factor	Index	K	L	M	N	O
			Cost Component (Column D)	Percent Change in Index (Column E)	Change in Cost Component Weightings (Column K x Column L)	Adjusted Cost Component Weightings (Column K + Column M)	Cost Components Reweighted to Equal 100% (Column N Row divided by Column N Total)
15	Landfill Disposal	(1)	15.0%	4.3%	0.6%	15.6%	15.4%
16	Fuel	(2)	6.0%	-2.6%	-0.2%	5.8%	5.7%
17	Service	(3)	60.0%	1.1%	0.7%	60.7%	59.9%
18	Other Operations	(3)	19.0%	1.1%	0.2%	19.2%	19.0%
19	Total		100.0%			101.3%	100.0%

(1) San Bernardino County Disposal System non-WDA per ton gate rate - actual change July 1 to July 1.

(2) This example used the diesel index. California No. 2 Diesel Ultra Low-Sulfur (0-15 ppm) Retail Prices (Dollars Per Gallon), U.S. Energy Information Administration - average annual change. For natural gas fleets, use Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of quarterly report) - average annual change. See Exhibit D for example calculation.

(3) CPI for All Urban Consumers, Los Angeles-Riverside-Orange County, CS, All Items less energy - average annual change. See Exhibit G-5 for example calculation.

(4) First year based on Exhibit H-1. After the first adjustment, this column comes from Column O of the previous year's rate adjustment worksheet.

EXHIBIT G-2 EXAMPLE RATE ADJUSTMENT FORMULA
APPLICABLE TO RESIDENTIAL BARREL, RESIDENTIAL BIN AND MULTI-FAMILY BIN RATES IN LANDUSE FEE AREA S WHERE THERE IS NO LANDFILL DISPOSAL COMPONENT

Step One: Calculate percentage change in indices

Row	Adjustment Factor	Index	A	B	C
			Old Index Value	New Index Value	Percent Change in Index ((Column B/ Column A)-1)
1	Landfill Disposal	(1)	n/a	n/a	
2	Fuel	(2)	4.235	4.127	-2.6%
3	Service	(3)	234,589	237,257	1.1%
4	Other Operations	(3)	234,589	237,257	1.1%

Step Two: Determine components

Row	Adjustment Factor	Index	D	E	F
			Cost Component Weightings as a % of Component Total (4)	Percent Change in Index (from Column C)	Total Weighted Change (Columns D x E)
5	Landfill Disposal	(1)	0.0%		
6	Fuel	(2)	6.0%	-2.6%	-0.2%
7	Service	(3)	94.0%	1.1%	1.0%
8	Other Operations	(3)	0.0%	1.1%	0.0%
9	Total		100.0%		0.8%

Step Three: Apply percentage change to rates

Row	Rate Category (Examples)	G	H	I	J
		Current Customer Rate	Total Weighted Percentage Change (from Column F)	Rate Increase or Decrease (Column G x Column H)	Adjusted Rate (Column G + Column I)
10	Res. 95-gallon cart	\$ 27.00	0.8%	\$ 0.22	\$ 27.22
11	Res. 40-gallon Senior	\$ 25.00	0.8%	\$ 0.20	\$ 25.20
12	Extra 95-gallon Refuse	\$ 7.20	0.8%	\$ 0.06	\$ 7.26
13	Extra 65-gallon Recycling	\$ 1.50	0.8%	\$ 0.01	\$ 1.51
14	Extra pickup	\$ 22.00	0.8%	\$ 0.18	\$ 22.18
15	Res. 2 cy bin, 1/wk	\$ 75.00	0.8%	\$ 0.60	\$ 75.60
16	Multi-Family 2 cy bin, 1/wk (if no disposal component)	\$ 75.00	0.8%	\$ 0.60	\$ 75.60

Step Four: Re-weight cost components

Row	Adjustment Factor	Index	K	L	M	N	O
			Cost Component (Column D)	Percent Change in Index (Column E)	Change in Cost Component Weightings (Column K x Column L)	Adjusted Cost Component Weightings (Column K + Column M)	Cost Components Reweighted to Equal 100% (Column N Row divided by Column N Total)
17	Landfill Disposal	(1)					
18	Fuel	(2)	6.0%	-2.6%	-0.2%	5.8%	5.8%
19	Service	(3)	94.0%	1.1%	1.0%	95.0%	94.2%
20	Other Operations	(3)	0.0%	1.1%	0.0%	0.0%	0.0%
21	Total		100.0%			100.8%	100.0%

(1) San Bernardino County Disposal System non-WDA per ton gate rate - actual change July 1 to July 1.

(2) This example used the diesel index. California No. 2 Diesel Ultra Low-Sulfur (0-15 ppm) Retail Prices (Dollars Per Gallon), U.S. Energy Information Administration - average annual change. For natural gas fleets, use Natural Gas (CNG) information Reported by Clean Cities, West Coast (Table 5 of quarterly report) - average annual change. See Exhibit D for example calculation.

(3) CPI for All Urban Consumers, Los Angeles-Riverside-Orange County, CS, All items less energy - average annual change. See Exhibit G-5 for example calculation.

(4) First year based on Exhibit H-1. After the first adjustment, this column comes from Column O of the previous year's rate adjustment worksheet.

EXHIBIT G-3 EXAMPLE RATE ADJUSTMENT FORMULA

APPLICABLE TO COMMERCIAL BARREL AND COMMERCIAL BIN RATES, RESIDENTIAL BIN RATES WHERE THE RESIDENTIAL REFUSE BIN RATES INCLUDE A LANDFILL DISPOSAL COST COMPONENT, AND MULTI-FAMILY BIN RATES WHERE THE MULTI-FAMILY BIN REFUSE RATES INCLUDE A LANDFILL DISPOSAL COST COMPONENT

Step One: Calculate percentage change in indices

Row	Adjustment Factor	Index	A	B	C
			Old Index Value	New Index Value	Percent Change in Index ((Column B/ Column A)-1)
1	Landfill Disposal	(1)	\$ 45.95	\$ 47.94	4.3%
2	Fuel	(2)	4.235	4.127	-2.6%
3	Service	(3)	234.589	237.257	1.1%
4	Other Operations	(3)	234.589	237.257	1.1%

Step Two: Determine components

Row	Adjustment Factor	Index	D	E	F
			Cost Component Weightings as a % of Component Total (4)	Percent Change in Index (from Column C)	Total Weighted Change (Columns D x E)
5	Landfill Disposal	(1)	20.0%	4.3%	0.9%
6	Fuel	(2)	6.0%	-2.6%	-0.2%
7	Service	(3)	65.0%	1.1%	0.7%
8	Other Operations	(3)	9.0%	1.1%	0.1%
9	Total		100.0%		1.5%

Step Three: Apply percentage change to rates

Row	Rate Category (Examples)	G	H	I	J
		Current Customer Rate	Total Weighted Percentage Change (from Column F)	Rate Increase or Decrease (Column G x Column H)	Adjusted Rate (Column G + Column I)
10	Multi-Fam. Refuse 3-yd bin 1x,wk	\$ 120.00	1.5%	\$ 1.80	\$ 121.80
11	Multi-Fam. Recycling 3-yd bin 1x,wk	\$ 75.00	1.5%	\$ 1.13	\$ 76.13
12	Multi-Fam. Green Waste 3-yd bin 1x,wk	\$ 140.00	1.5%	\$ 2.10	\$ 142.10
13	Com. Refuse 3-yd bin 1x,wk	\$ 120.00	1.5%	\$ 1.80	\$ 121.80
14	Com. Recycling 3-yd bin 1x,wk	\$ 75.00	1.5%	\$ 1.13	\$ 76.13
15	Com. Green Waste 3-yd bin 1x,wk	\$ 140.00	1.5%	\$ 2.10	\$ 142.10
16	Locking Lid	\$ 7.00	1.5%	\$ 0.11	\$ 7.11

Step Four: Re-weight cost components

Row	Adjustment Factor	Index	K	L	M	N	O
			Cost Component (Column D)	Percent Change in Index (Column E)	Change in Cost Component Weightings (Column K x Column L)	Adjusted Cost Component Weightings (Column K + Column M)	Cost Components Reweighted to Equal 100% (Column N Row divided by Column N Total)
17	Landfill Disposal	(1)	20.0%	4.3%	0.9%	20.9%	20.6%
18	Fuel	(2)	6.0%	-2.6%	-0.2%	5.8%	5.7%
19	Service	(3)	65.0%	1.1%	0.7%	65.7%	64.7%
20	Other Operations	(3)	9.0%	1.1%	0.1%	9.1%	9.0%
21	Total		100.0%			101.5%	100.0%

(1) San Bernardino County Disposal System non-WDA per ton gate rate - actual change July 1 to July 1.

(2) This example used the diesel index, California No. 2 Diesel Ultra Low-Sulfur (0-15 ppm) Retail Prices (Dollars Per Gallon), U.S. Energy Information Administration - average annual change. For natural gas fleets, use Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of quarterly report) - average annual change. See Exhibit D for example calculation.

(3) CPI for All Urban Consumers, Los Angeles-Riverside-Orange County, CS, All items less energy - average annual change. See Exhibit G-5 for example calculation.

(4) First year based on Exhibit H-1. After the first adjustment, this column comes from Column O of the previous year's rate adjustment worksheet.

**EXHIBIT G-4 EXAMPLE RATE ADJUSTMENT FORMULA
APPLICABLE TO ROLL-OFF BOX SERVICE RATE CATEGORIES**

Step One: Calculate percentage change in indices

Row	Adjustment Factor	Index	A	B	C
			Old Index Value	New Index Value	Percent Change In Index (Column B/ Column A) -1)
1	Fuel	(2)	4.295	4.127	-2.6%
2	Service	(3)	234.589	237.257	1.1%
3	Landfill Disposal	(1)	\$ 57.95	\$ 59.94	n/a

Step Two: Determine components

Row	Adjustment Factor	Index	D	E	F
			Cost Component Weightings as a % of Component Total (4)	Percent Change in Index (from Column C)	Total Weighted Change (Columns D x E)
4	Operating Fee Component				
5	Fuel	(2)	10.0%	-2.6%	-0.3%
6	Service	(3)	90.0%	1.1%	1.0%
7	Total Operating Component		100.0%		0.7%
8	Solid Waste Facility Fee Component				
9	Landfill Disposal	(1)	100.0%	n/a	\$ 59.94

Step Three: Apply percentage change to rates

Row	Rate Category (Examples)	G	H	I	J
		Current Customer Rate	Total Weighted Percentage Change (from Column F)	Rate Increase or Decrease (Column G x Column H)	Adjusted Rate (Column G + Column I)
10	Operating Fee Component				
11	Refuse - 10 cy box	\$ 180.00	0.7%	\$ 1.26	\$ 181.26
12	Recycling - 40 cy box	\$ 180.00	0.7%	\$ 1.26	\$ 181.26
13	Greenwaste - 20 yd box	\$ 180.00	0.7%	\$ 1.26	\$ 181.26
14	Relocation	\$ 70.00	0.7%	\$ 0.49	\$ 70.49
15	Solid Waste Facility Fee Component - Set Equal to New County Rate				
16	Refuse - 10 cy - up to 8 tons				
17	Per Ton	\$ 57.95	n/a	n/a	\$ 59.94
18	Total Rate Example				
19	Operating Fee Component - Refuse - 10 cy box				\$ 181.26
20	Solid Waste Fee Component - Refuse - 10 cy box (up to 8 tons)				\$59.94 x 8 = \$ 479.52
21	Total Rate				\$ 660.78

Step Four: Re-weight cost components

Row	Adjustment Factor	Index	K	L	M	N	O
			Cost Component (Column D)	Percent Change in Index (Column E)	Change in Cost Component Weightings (Column K x Column L)	Adjusted Cost Component Weightings (Column K + Column M)	Cost Components Reweighted to Equal 100% (Column N Row divided by Column N Total)
22	Fuel	(2)	10.0%	-2.6%	-0.3%	9.7%	9.6%
23	Service	(3)	90.0%	1.1%	1.0%	91.0%	90.4%
24	Total		100.0%			100.7%	100.0%

- (1) San Bernardino County Disposal System non-WDA per ton gate rate for roll-off box loads - set at actual rate as of July 1 effective date.
- (2) This example used the diesel Index, California No. 2 Diesel Ultra Low-Sulfur (0-15 ppm) Retail Prices (Dollars Per Gallon), U.S. Energy Information Administration - average annual change. For natural gas fleets, use Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of quarterly report) - average annual change. See Exhibit D for example calculation.
- (3) CPI for All Urban Consumers, Los Angeles-Riverside-Orange County, CS, All items less energy - average annual change. See Exhibit G-5 for example calculation.
- (4) First year based on Exhibit H-2. After the first adjustment, this column comes from Column O of the previous year's rate adjustment worksheet.

EXHIBIT G-5 - EXAMPLE RATE ADJUSTMENT FORMULA

CALCULATION FOR AVERAGE ANNUAL CHANGE IN PUBLISHED PRICE INDICES

Rate adjustment indices for fuel, service and other operations are calculated using the "average annual change" as demonstrated in the example below, measured for the twelve months ended the December before each rate adjustment, as compared to the twelve months ended the prior December.

The following example is for the Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County, all items less energy index average that is used to adjust the service and other operations cost components. If a rate adjustment based on this CPI index were to be implemented as of July 1, 2014, the twelve-month average annual index for the 12 months ended December 2013 of 237.257 would have been the "New Index Value" to be used in Column B of the example rate adjustment formulas in Exhibits G-1 through G-4, and the twelve-month average annual index for the 12 months ended December 2012 of 234.589 would have been the "Old Index Value" in Column A. This would have resulted in a 1.1% increase to the service and other operations cost components in Column C.

Consumer Price Index – All Urban Consumers, Los Angeles-Riverside-Orange County, CA All items less food and energy, CUURA421SA0LE

Year	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Average
2012	232.233	232.576	233.702	234.245	234.069	234.321	234.840	235.330	235.973	236.488	236.136	235.155	234.589
2013	236.600	236.585	237.005	236.890	236.912	236.890	236.499	237.405	237.723	238.753	237.984	237.893	237.257
Average Annual Change:													1.1%

The diesel fuel index would be calculated in the same manner, using the monthly indices. The natural gas index would average the reports published in January, April July and October of each year to determine the annual average. See examples below:

California No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon), U.S. Energy Information Administration

Year	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Average
2012	4.103	4.251	4.474	4.419	4.316	4.027	3.917	4.240	4.456	4.376	4.170	4.076	4.235
2013	4.083	4.325	4.245	4.134	4.040	4.023	4.068	4.138	4.209	4.134	4.048	4.073	4.127
Average Annual Change:													-2.6%

Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of Quarterly Report)

Year	January Report	April Report	July Report	October Report	Average
2012	\$2.38	\$2.22	\$2.24	\$2.41	\$2.31
2013	\$2.39	\$2.46	\$2.43	\$2.31	\$2.40

3.9%

EXHIBIT H-1 – Rate Adjustment Indices and Initial Cost Component Weightings

Residential and Commercial Rate Adjustment Indices and Initial Cost Component Weightings

<u>Cost Category</u>	<u>Initial Weightings for 7/1/15 Rate Adjustment (2)</u>			<u>Rate Adjustment Factor for CFA 17 (1)</u>
	<u>Residential (2)</u>	<u>Residential Landuse Fee Area (3)</u>	<u>Commercial (4)</u>	
Landfill Disposal		n/a	26.4%	Non-WDA per ton disposal rate at the San Bernardino County Disposal System
Fuel		6.7%	6.7%	Based on the fuel type used by the majority of the fleet Company operates in the franchise area, either: California No. 2 Diesel Ultra Low-Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon), U.S. Energy Information Administration or Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of quarterly report). The average index for the calendar year shall be for the data printed in the reports dated in January, April, July and October of each calendar year.
Service		93.3%	66.9%	Consumer Price Index for All Urban Consumers (CUURA421SA0LE), Los Angeles-Riverside-Orange County, CA, All items less energy index
Other Operations		n/a	0.0%	Consumer Price Index for All Urban Consumers (CUURA421SA0LE), Los Angeles-Riverside-Orange County, CA, All items less energy index
Total		100.0%	100.0%	

- (1) If an index is discontinued, see Section 13.2(a)5.
- (2) "Residential" weightings will be applied to the following rate categories:
 - CFAs 1-12: Residential Barrel Rates (including extra carts and special charges)
- (3) "Residential Landuse Fee Area" weightings will be applied to the following rate categories:
 - CFAs 15-25: Residential Barrel Rates (including extra carts and special charges)
 - CFAs 15-25: Residential Bin Rates* (including refuse, recycling, green waste and special charges)
 - CFAs 15, 17, 18, 20, 21: Multi-family Bin Rates* (including refuse, recycling, green waste and special charges)
- (4) "Commercial" weightings will be applied to the following rate categories:
 - Commercial Barrel Rates (including recycling and special charges)
 - Commercial Bin Rates (including refuse, recycling, green waste and special charges)
 - CFAs 1-12: Residential Bin Rates* (including refuse, recycling, green waste and special charges)
 - All CFAs except 15, 17, 18, 20, 21: Multi-family Bin Rates* (including refuse, recycling, green waste and special charges)

* Intent is that residential and multi-family bin rate categories in which refuse bins have a Landfill Disposal cost component are adjusted by the "commercial" rate adjustment weightings, and residential and multi-family bin rate categories in which refuse bins do not include a Landfill Disposal cost component are adjusted by the "residential landuse fee area" weightings.

EXHIBIT H-2 – Rate Adjustment Indices and Initial Cost Component Weightings

Roll-off Box Service Rate Adjustment Indices and Initial Cost Component Weightings

<u>Cost Category</u>	<u>Initial Weightings for 7/1/15 Rate Adjustment</u>	<u>Rate Adjustment Factor for CFA 17 (1)</u>
Solid Waste Facility Fee Component		
Landfill Disposal	100.0%	Per ton disposal rate at the San Bernardino County Disposal System for Roll-Off Loads
Operating Component		
Fuel	10.2%	Based on the fuel type used by the majority of the fleet Company operates in the franchise area, either: California No. 2 Diesel Ultra Low-Sulfur (0-15 ppm) Retail Prices (Dollars per Gallon), U.S. Energy Information Administration or Natural Gas (CNG) Information Reported by Clean Cities, West Coast (Table 5 of quarterly report). The average index for the calendar year shall be for the data printed in the reports dated in January, April, July and October of each calendar year.
Service	89.8%	Consumer Price Index for All Urban Consumers (CUURA421SA0LE), Los Angeles-Riverside-Orange County, CA, All items less energy index
Total	100.0%	Total Operating Component

(1) If an index is discontinued, see Section 13.2(a)5.

EXHIBIT I EXAMPLE FRANCHISE FEE CALCULATION

The following is an example of how to calculate franchise fees due.

Customer Rate Categories (1)	Gross Receipts		Fuel % + Service %	=	Receipts Subject to Franchise Fee		Franchise Fee	Franchise Fees Due
Residential – CFAs 1-12 (non-Landuse Fee areas) (2)	\$100,000	x	5.7% + 59.9% = 65.6% (5)	=	\$65,600	x	10%	\$6,560
Residential – CFAs 15-25 (Landuse Fee areas) (3)	\$100,000	x	5.8% + 94.2% = 100% (5)	=	\$100,000	x	10%	\$10,000
Commercial (4)	\$100,000	x	5.7% + 64.7% = 70.4% (5)	=	\$70,400	x	10%	\$7,040
Roll-Off Box Service – Gross Receipts net of Landfill Disposal Costs					\$20,000	x	10%	\$2,000
Total Franchise Fees Due								\$25,600

(1) Not all haulers will have gross receipts in all categories.

(2) Includes gross receipts from CFAs 1-12 residential cart rates.

(3) Includes gross receipts from:

- CFAs 15-25: Residential Cart Rates
- CFAs 15-25: Residential Bin Rates
- CFAs 15, 17, 18, 20, 21: Multi-family Bin Rates

(4) Includes gross receipts from:

- Commercial Barrel Rates
- Commercial Bin
- CFAs 1-12: Residential Bin Rates
- All CFAs except 15, 17, 18, 20, 21: Multi-family Bin Rates

(5) Use percentages from "Column O – Cost Components Reweighted to Equal 100%" of the "Exhibits G-1, G-2 and G-3 – Example Rate Adjustment Formula." The Fuel and Service weighting percentages represent the portion of Gross Receipts upon which Franchise Fees are assessed for residential and commercial gross receipts.

